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Opening Statement of Sen. Chuck Grassley
Committee on Finance Hearing, "Role of Tax Incentives in Energy Policy"
Tuesday, July 10, 2001

During the past decade, U.S. oil production decreased 18 percent. At the same time, U.S. oil consumption rose 14 percent. As a result, U.S. dependence on foreign oil increased by 34 percent. We now depend on foreign oil cartels for 58 percent of our crude oil, compared to just 36 percent during the Arab Oil Embargo of 1973.

Last winter, Iowa's families were forced to pay heating bills nearly 75 percent higher than the previous year. Just a few months ago the national average for a gallon of regular gasoline rose to over \$1.65 a gallon.

These higher energy costs are taking a serious toll on our economy and destroying livelihoods. Trucking companies, businesses and factories are being forced to lay off workers and curtail production, and farmers' input costs have spiked sharply. At a time when farmers have been experiencing historically low commodity prices, surging natural gas prices have increased the price of fertilizer by 90 percent.

The current situation illustrates the importance of increasing and diversifying our domestic energy production including advancing renewable and alternative sources like wind, biomass, soy diesel and ethanol. We must continue to develop renewable and alternative energy sources as an integral part of a national energy policy.

First, alternative energy enhances our fuel diversity, thereby providing the United States with insulation from an oil supply dominated by the Middle East. Our national security is currently threatened by a heavy reliance on oil from abroad. Second, domestically produced alternative energy creates American jobs and strengthens our economy. And finally, alternative energy makes valuable contributions to maintaining cleaner air and a cleaner environment.

As many of my colleagues on this committee well know, I have long been a supporter of alternative and renewable sources of energy as a way of protecting our environment and increasing our energy independence. Wind, biomass, and ethanol are alternative energy sources that, with my support, are working to reduce our nation's dependence on foreign oil. I look forward to hearing the testimony of our many witnesses regarding alternative fuel vehicles and alternative fuels.

